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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34822]

Kansas City Southern, The Kansas City Southern Railway Company, and Meridian  
Speedway LLC—Exemption for Transactions Within a Corporate Family

Kansas City Southern (KCS), The Kansas City Southern Railway Company (KCSR), and the newly formed Meridian Speedway LLC (MSLLC) have filed a verified notice of exemption under 49 CFR 1180.2(d)(3) for a transaction within a corporate family. The transaction involves the transfer to MSLLC of KCSR's rail line between Meridian, MS, and Shreveport, LA, KCS's continuance in control of MSLLC when it becomes a rail carrier, and the subsequent grant back of operating rights by MSLLC to KCSR to allow KCSR to operate as MSLLC's contract operator in fulfilling MSLLC's contractual and common carrier obligations.<sup>1</sup> This notice is related to two concurrently filed notices, STB Finance Docket Nos. 34821 and 34823, where Norfolk Southern Railway Company (NSR) and KCSR, respectively, have sought authority to acquire trackage rights over the line.

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<sup>1</sup> KCSR currently operates via trackage rights over approximately four-tenths of a mile section of track in Jackson, MS, that is controlled by Canadian National Railway Company (CN) as successor to Illinois Central Gulf Railroad Company (IC) pursuant to a trackage rights agreement dated March 26, 1986, between MidSouth Rail Corporation and IC (Jackson Trackage Rights Agreement). KCSR also currently operates over a railroad bridge over the Mississippi River at Vicksburg, MS, pursuant to a lease agreement between the Vicksburg Bridge and Terminal Company and The Yazoo and Mississippi Valley Railroad Company dated February 11, 1928, as amended and/or replaced from time to time (Vicksburg Bridge Lease). The transaction contemplates having both the Jackson Trackage Rights Agreement and the Vicksburg Bridge Lease assigned to MSLLC.

The parties had intended to consummate the transaction on the later of two dates, January 24, 2006, or upon completion of the environmental or historical documentation process as required under 49 CFR 1105.<sup>2</sup> However, by decision served on January 23, 2006, the effective date of the three exemptions was stayed, at the joint request of CN, NSR, KCS, KCSR, and MSLLC, until February 23, 2006. Accordingly, consummation of the transaction cannot occur until February 23, at the earliest.

This transaction and the transactions described in the two related notices of exemption are part of a joint-venture between KCS and NSR to share and upgrade this portion of the Meridian Speedway, a line running between Meridian, MS, and Dallas, TX.

This is a transaction within a corporate family of the type exempted from prior review and approval under 49 CFR 1180.2(d)(3). Based on the parties' description of the intracorporate transaction, it should not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

As a condition to the use of this exemption, any employees adversely affected by this transaction will be protected by the conditions set forth in New York Dock Ry.—Control—Brooklyn Eastern Dist., 360 I.C.C. 60 (1979).

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

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<sup>2</sup> KCSR and NSR, believing that the transaction will help increase traffic on the line, have contacted the Board's Section of Environmental Analysis concerning any necessary environmental review.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34822 must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Robert B. Terry, Kansas City Southern, 427 West 12th Street, Kansas City, MO 64105; and William A. Mullins, Baker & Miller PLLC, 2401 Pennsylvania Ave., N.W., Suite 300, Washington, DC 20037.

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Decided: February 10, 2006.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary